

**IN THE CIRCUIT COURT OF THE SECOND JUDICIAL CIRCUIT,
IN AND FOR LEON COUNTY, FLORIDA**

In Re: The Receivership of
FedNat Insurance Company
a Florida corporation.

CASE NO.: 2022-CA-001688

**THE FLORIDA DEPARTMENT OF FINANCIAL SERVICES, DIVISION OF
REHABILITATION AND LIQUIDATION AS RECEIVER OF FEDNAT INSURANCE
COMPANY'S MOTION TO APPROVE TRANSITION PLAN**

Comes now the FLORIDA DEPARTMENT OF FINANCIAL SERVICES, DIVISION OF REHABILITATION AND LIQUIDATION, AS RECEIVER OF FEDNAT INSURANCE COMPANY, (hereinafter "Department"), and moves this Court to approve the attached Transition Plan by entering an order approving same, and in support of said motion, states as follows:

1. On September 21, 2022, the Office of Insurance Regulation (hereinafter "OIR") referred FedNat Insurance Company, (hereinafter "FedNat") to the Department for delinquency proceedings pursuant to Chapter 631, Part I, Florida Statutes.
2. On September 23, 2022, the Department filed its *Petition for Consent Order Appointing the Florida Department of Financial Services as Receiver of FedNat Insurance Company, for Purposes of Liquidation, Injunction, and Notice of Automatic Stay*.
3. On September 27, 2022, this Court entered a *Consent Order Appointing the Florida Department of Financial Services as Receiver of FedNat Insurance Company, Inc for Purposes of Liquidation, Injunction, and Notice of Automatic Stay*. ("Liquidation Order")
4. The Department and SureChoice Underwriters Reciprocal Exchange ("SureChoice") have entered into a Transition Plan, attached hereto as in **Exhibit A** to this motion.

5. The Department believes that the Transition Plan is in the best interest of the out of state policyholders who have not novated their FedNat policies pursuant to a pre-liquidation assumption agreement entered into between FedNat and SureChoice, and whose policies would otherwise be canceled 30 days after the Liquidation Order was entered.

6. Due to the exigent circumstances and the current state of the property and casualty homeowner's insurance market in the various states, the Transition Plan will provide policy holders continuous coverage for the remainder of their policy period and offer a glide path to a new insurance policy at their regular renewal time.

7. All parties have agreed to the entry of an Agreed Order approving the Transition Plan.

8. The Department, therefore, respectfully requests that the Court enter an Order approving the Transition Plan.

WHEREFORE, the Department, respectfully requests that this Court enter an Order approving the Transition Plan which is attached hereto as Exhibit A.

RESPECTFULLY SUBMITTED this 27th day of September 2022.

/signed/

MIRIAM O. VICTORIAN

Chief Attorney, Florida Bar No. 355471

Miriam.Victorian@myfloridacfo.com

Florida Department of Financial Services

Division of Rehabilitation and Liquidation

325 John Knox Road

The Atrium, Suite 101

Tallahassee, FL 32303

Telephone: (850) 413-4408

CERTIFICATE OF CONFERENCE

I hereby certify that the Department of Financial Services, Division of Rehabilitation and Liquidation as Receiver of FedNat Company's Motion to Approve Transition Plan has been circulated to all counsel of record and is filed without their opposition.

/signed/
Miriam O. Victorian

CERTIFICATE OF SERVICE

I hereby certify that this Motion has been served on all attorneys of record either via the e-portal service or via electronic mail.

/signed/
Miriam O. Victorian

TRANSITION PLAN

The Florida Department of Financial Services as Receiver (hereinafter the "Receiver") of FedNat Insurance Company (hereinafter the "Respondent"), hereby submits this Transition Plan (hereinafter the "Transition Plan") on behalf of itself, and SureChoice Underwriters Reciprocal Exchange (hereinafter "SureChoice").

1. The Receivership Court has entered a *Consent Order Appointing the Florida Department of Financial Services as Receiver of FedNat Insurance Company for Purposes of Liquidation, Injunction and Notice of Automatic Stay*. (hereinafter the "Liquidation Order").

2. Prior to receivership, Respondent and SureChoice entered into agreements associated with Respondent's policies in the states of Alabama, Mississippi, South Carolina and Texas. The agreements were effective July 1, 2022.

3. Under the agreements, SureChoice offered policyholders a novation of the policyholders' current policy with Respondent. The novation substitutes SureChoice as the policyholder's insurer of record for the policy contract. A majority of the affected policyholders accepted the novation and those policies are not impacted by Respondent's liquidation. SureChoice is directly responsible for the adjusting and payment of all claims occurring on or after July 1, 2022 associated with the novated policies.

4. As of September 26, 2022, approximately, 5,394 policyholders had not affirmatively accepted the SureChoice novation offer. Under the agreements, SureChoice provides 100% reinsurance to Respondent for the non-novated policyholders as of July 1, 2022.

5. The non-novated policyholders continue to have Respondent as their insurer of record and, except for those policies sooner expiring or otherwise terminating in the ordinary course of business, are subject to the cancellation provision of the Liquidation Order.

6. Recognizing the need for a plan for the orderly transition of coverage for the non-novated policyholders, the Department has determined that it is in the best interest of those policyholders to approve the cancellation of such policies with the concurrent offer of transition coverage by SureChoice as described in this Transition Plan.

7. SureChoice will provide transition coverage for Respondent's policyholders whose policies are cancelled pursuant to the Liquidation Order. Such coverage shall go into effect immediately following the cancellation of Respondent's policies.

8. The Receiver represents that it is in the best interest of Respondent's policyholders to keep their coverage with Respondent in effect until 12:01 am on October 27, 2022, unless sooner novated or otherwise terminated in the ordinary course of business.

9. Without the Transition Plan as many as 5,394 of Respondent's Alabama, Mississippi, South Carolina and Texas policyholders would be cancelled with 30 days' notice and forced to seek replacement coverage.

10. As of July 1, 2022, Respondent transferred to SureChoice all of the unearned premium associated with the non-novated policies. Under the agreements referenced at Section 2 above, on and after July 1, 2022, the non-novated policies are deemed the direct obligations of SureChoice and premium payments under the non-novated policies are the property of SureChoice.

The terms and conditions of this Transition Plan are as follows:

11. Through their execution below, the Receiver and SureChoice hereby agree to this Transition Plan, provided, however, that this Transition Plan shall not be effective unless approved and ordered by the Receivership Court.

12. Effective 12:01 a.m, October 27, 2022, those non-novated policyholders whose policies were canceled pursuant to the Liquidation Order will be provided continuing coverage by SureChoice under this Transition Plan, without the need of filing an application with SureChoice or paying premium already paid to SureChoice.

13. SureChoice shall be responsible for processing and paying unearned premium refunds to all non-novated policyholders that cancel coverage with SureChoice as of July 1, 2022 or later and shall provide an accounting of such refunds to the Receiver, if requested.

14. SureChoice will issue evidence of coverage to each of non-novated policyholders and notify those policyholders that they may rely on the SureChoice evidence of coverage and all other policy forms from their coverage with Respondent without any further action on the part of the policyholders. The Receiver and SureChoice shall work together to provide appropriate information to the policyholders and agents regarding the cancellation of coverage and the subsequent Transition Coverage offered by SureChoice.

15. SureChoice shall continue to cover the losses occurring from 12:01 a.m. July 1, 2022 and forward as the direct obligations of SureChoice, and payments made by SureChoice in connection with those losses are made in satisfaction of its obligation to pay losses under its agreements with Respondent.

16. Unless sooner terminated in the ordinary course of business, Transition Coverage shall automatically terminate at the end of Respondent's remaining original policy

periods, regardless of whether SureChoice issues a notice of cancellation or non-renewal. Unless sooner terminated in the ordinary course of business and subject to SureChoice's underwriting criteria, SureChoice will notify the policyholders having Transition Coverage, and notify their agents, that upon the expiration of the Transition Coverage such policyholders will be eligible for coverage with SureChoice.

17. The parties hereto shall take measures to protect the confidentiality and privacy of policyholder and claimant information with respect to the policyholders and claimants of Respondent and SureChoice to the extent required by law.

18. The Receiver and SureChoice will cooperate with one another with respect to their servicing of policies and claims under this Transition Plan.

19. The Receiver and SureChoice may petition the Receivership Court for modifications to the Transition Plan. The Receiver and SureChoice may enter into other agreements to facilitate the terms and conditions of this Transition Plan.

SIGNATURES

IN WITNESS whereof the parties hereto have signed this Transition Plan on — day of September 2022.

Florida Department of Financial Services
As Receiver for FedNat Insurance Company

SureChoice Underwriters Reciprocal Exchange

Representative: Miriam Lorie Carter

Representative: Edward J. Konar

Title: Deputy Receiver

Title: President

Signature: Miriam Lorie Carter

Signature: Edward J. Konar

Date: 9-27-2022

Date: September 27, 2022